

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

**Report of the Commission on Enterprise,
Business Facilitation and Development
on its seventh session**

held at the Palais des Nations, Geneva,
from 24 to 27 February 2003



UNITED NATIONS

Distr.
GENERAL

TD/B/EX(31)/5
TD/B/COM.3/55
3 March 2003

Original: ENGLISH

**Report of the Commission on Enterprise,
Business Facilitation and Development
on its seventh session**

held at the Palais des Nations, Geneva,
from 24 to 27 February 2003

CONTENTS

<i>Chapter</i>	<i>Page</i>
I. Agreed recommendations adopted by the Commission at its seventh session	4
II. Opening statements	7
III. Improving the competitiveness of SMEs through enhancing productive capacity (agenda item 3)	15
IV. Efficient transport and trade facilitation to improve participation by developing countries in international trade (agenda item 4).....	18
V. Electronic commerce strategies for development (agenda item 5)	21
VI. Implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up (agenda item 6).....	25
VII. Action by the Commission and closing statements	29
VIII. Organizational matters	31
<i>Annexes</i>	
I. Provisional agenda for the eighth session of the Commission.....	33
II. Topics for Expert Meetings for 2003	34
III. Attendance.....	36

Chapter I

AGREED RECOMMENDATIONS ADOPTED BY THE COMMISSION AT ITS SEVENTH SESSION

1. The Commission takes note of the secretariat documents and activities reports for 2002. It recognizes and commends the contributions of the secretariat in research and policy analysis, as well as capacity building, particularly in the areas of international transport and trade facilitation, e-commerce and improving the competitiveness of SMEs. The Commission recognizes that these contributions could provide inputs for UNCTAD XI.
2. To improve coherence between macroeconomic and microeconomic policies, the Commission requests UNCTAD to disseminate as widely as possible its findings regarding the main components of proactive competitiveness policies as contained in the issues paper “Improving the Competitiveness of SMEs through Enhancing Productive Capacity” (TD/B/COM.3/51/Add.1) and the panel discussion, through its websites, its publications, its advisory services and its technical assistance programme EMPRETEC.
3. UNCTAD should assess, particularly for technology acquisition and mastery, the competitiveness policies used by developing countries that have widely improved their performance.
4. UNCTAD should assess the linkage between investment, trade and technology transfer and explore measures that promote access to technology by developing countries and build domestic capacities.
5. UNCTAD should further investigate the coherence between competitiveness policies for micro-stimulation and multilateral commitments and requirements, taking into account national development strategies and objectives.
6. Given the need for action also at the practical level, the Commission requests UNCTAD to enhance its efforts to help developing countries and countries with economies in transition promote dynamic and competitive enterprises through the EMPRETEC programme, including through implementation of the recommendations arising from its evaluation. This programme should be strengthened and expanded, within available resources.
7. UNCTAD should review and monitor developments relating to efficient transport and trade facilitation, including multimodal transport and logistic services, and should analyse their implications for developing countries, taking into account their diverse levels of development.
8. UNCTAD should continue providing guidance and assistance to developing countries in the use of information and communication technologies (ICT) for international transport services and trade facilitation, in particular through the ACIS and ASYCUDA programmes.

9. UNCTAD should study and analyse the impact of new security initiatives on the international trade and transport of developing countries and should disseminate this information.

10. UNCTAD should study, analyse and, as appropriate, contribute substantively to the work of relevant intergovernmental organizations relating to the development of uniform international legal instruments affecting international transport, including multimodal transport, and should disseminate information on the implications of these instruments for developing countries.

11. UNCTAD, in its work on the follow-up to the Doha Declaration, should continue to analyse developments in the area of trade facilitation and to assist developing countries in establishing their needs and priorities for trade facilitation in accordance with paragraph 27 of the Doha Declaration.

12. UNCTAD should continue to provide negotiating assistance to developing countries in the area of transport services in the context of GATS.

13. UNCTAD should assist developing countries in identifying international best practices regarding policies promoting and facilitating the adoption of ICT and e-business practices. UNCTAD should do this in coordination with other relevant international organizations, taking into account their respective mandates. In this respect UNCTAD should continue its work to promote the elaboration of national and regional e-commerce strategies for development, including by organizing regional events. Possible issues to be taken into account may include reforms in sectors such as telecommunications and payment services; issues of infrastructure and access; e-business awareness raising and human resources development; trust and security; and legal and regulatory changes to accommodate e-business.

14. UNCTAD should carry out research and analysis work regarding e-commerce on issues relevant to the development dimension of developing countries, taking into account already existing information and studies. These issues should include major trends in technology (e.g. the use of open-source software); industries and sectors of development and commercial relevance to developing countries; Internet regulation; and the implications of various legislative approaches to e-commerce, with a view to enhancing the capacity of developing countries to formulate adequate strategies to promote the adoption of ICT, e-business and e-commerce practices by their enterprises and to participate in relevant international discussions.

15. UNCTAD should analyse issues related to the measurement and benchmarking of e-commerce and of the use of ICT by enterprises. It should complement its analytical work in this area with assistance to developing countries in their efforts to develop indicators and data on e-commerce.

16. UNCTAD, as the UN focal point for trade and development, should, within its mandate, continue to make a substantive contribution to the WSIS, as well as to the outcome of the Summit and its follow-up.

17. UNCTAD should continue to mainstream gender into its work. This mainstreaming should be carried out through divisional focal points on gender, under the overall coordination of the focal point on women designated by the Secretary-General. In this regard, UNCTAD should continue to include the gender dimension in its work, including the LDCs programme.

Chapter II

OPENING STATEMENTS

1. The **Secretary-General of UNCTAD**, in his opening statement, noted that the timing of the Commission meeting was opportune in that it coincided with the intensification of preparations for UNCTAD XI (to be held in Brazil in 2004). While consultations with delegations regarding preparations for the conference had already begun, the meeting provided an opportunity to consolidate thinking on the matter. One important issue that UNCTAD XI should address was improving the coherence between national development strategies and international processes and negotiations. National policies that strengthened a nation's self-reliance were influenced by external constraints. UNCTAD would focus on its expertise and mandate in this regard, the linking of multilateral negotiations with enhancement of the productive sector.
2. Productive capacity was a fundamental building block of development. Over the past decade, many countries had failed to benefit from trade negotiations; they had not been able to seize new opportunities because of supply constraints and poor transport infrastructure. It was necessary to consider supply capacity not only in a narrow sense but also in terms of delivery of goods to the consumer. One needed to look both at the productive sector and at conditions for the delivery of goods and services to the international market. For example, it was necessary to determine how to maximize the use of new technologies such as electronic commerce. This was the particular focus of this Commission.
3. It was obvious that small and medium-sized enterprises (SMEs) deserved priority. UNCTAD had devoted much of its work to the transnationalization of systems of production and to transnational corporations (TNCs), and attention to SMEs was a necessary complement. It was well known that some enterprises such as Microsoft Corporation had started out as SMEs and had benefited from credit extended by the United States Small Business Administration. UNCTAD had devoted much time to studying the benefits of building linkages between large and small enterprises and integrating the latter into the world economy. UNCTAD's focus must be on foreign trade and improving the export competitiveness of SMEs. TNCs were not the only actors in world trade; SMEs were important because of their creativity and dynamism. The panel on competitiveness would provide an opportunity to examine the conditions determining the success of SMEs. One should adopt an empirical approach and study the experiences of different countries to explain the differences in their performance.
4. He drew the Commission's attention to the case of Cambodia, which, despite having endured large population losses and near-destruction of its accumulated knowledge, had had a clear vision of how to move forward and maximize its trade opportunities. The Commission should consider to what extent successful examples of investment, enterprise development and export competitiveness were replicable in other countries. It should then come up with practical solutions in terms of transport and electronic commerce.
5. There was a need to focus on the productive sector and on how to make this sector capable of reaching out and delivering products on the international market, which involved international transport and trade facilitation. International transport faced many new challenges, including ones related to security.

6. UNCTAD would devote attention to e-commerce, an area in which some developing countries were doing very well. Current technologies needed to be made available to the productive sectors so that these could more efficiently deliver goods and services to international markets. With the adoption of ICT and e-commerce, SMEs were becoming increasingly integrated into the global marketplace. Success stories such as those of Costa Rica and India offered concrete examples to help other developing countries improve their performance. UNCTAD had for many years played an active role in the area of ICT and e-commerce, and the Commission should consider the substantial contribution UNCTAD could make to the upcoming World Summit on the Information Society (WSIS) and in the context of preparations for UNCTAD XI. Finally, the Commission's deliberations should concentrate on the preparations for UNCTAD XI, which was not an end in itself, and on clarifying which development strategies could improve the productive sector and take advantage of global trading opportunities.

7. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that many countries in the Group of 77 had found that efforts to improve macroeconomic stability, liberalize trade and gain market access did not by themselves guarantee economic growth and development. Without appropriate micro-level policies to strengthen a country's productive capacity, macro-level policies would be inefficient. Greater competitiveness at the national level allowed developing countries to diversify away from dependence on a few primary-commodity exports and move up the skills and technology ladder, which raised income and permitted greater economies of scale and scope in production. To derive the full benefits of the multilateral trading system, specific efforts were needed to strengthen the productive capacity of the enterprise sector. It was crucial that these policies focus on the SME sector, since the overwhelming share of gross domestic product (GDP) and jobs was created by SMEs.

8. She commended UNCTAD's attempts to identify the factors that were crucial for the competitiveness of developing countries, and which included financing of SMEs, enhancement of linkages between foreign and local enterprises, and promotion of research and development. The secretariat's issues note "Improving the Competitiveness of SMEs through Enhancing Productive Capacity" (TD/B/COM.3/51 and Add.1) provided an excellent starting point for discussions on this topic in preparation for UNCTAD XI. The Group of 77 and China would welcome further work by UNCTAD on this subject and urged UNCTAD to examine in greater detail policies and programmes that had had an impact on competitiveness and technology development in developing countries. In particular, she emphasized the importance of the EMPRETEC programme in strengthening these countries' ability to assist their SMEs. Donor countries were encouraged to give special attention and support to EMPRETEC.

9. She also acknowledged the importance of efficient transport and trade facilitation as core elements for enhancing participation by developing countries in global trade. Furthermore, effective transport services were a prerequisite for foreign investment. Any trade facilitation programme should consider all of the issues discussed at the Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade (Geneva, 25–27 November 2002). She expressed concern, in relation to the ongoing trade facilitation activities within the World Trade Organization (WTO), that assistance should cover not only determination of the needs and priorities of developing countries but also implementation of trade facilitation measures. The implications for trade of recent security initiatives involving the transport of goods also needed to be

monitored. Furthermore, as a response to the growing demand for door-to-door transport, the development of door-to-door logistics services, with the involvement of local suppliers, was a possible improvement on the current complex processes for shipment in developing countries, especially landlocked ones.

10. Information and communication technologies (ICT) were important tools for achieving productivity growth and efficiency gains. While ICT and e-commerce offered new opportunities, in particular for SMEs, developing and developed economies were deriving unequal benefits from ICT. She emphasized the potential of ICT, and particularly the Internet, for helping developing countries and their SMEs to improve competitiveness and productivity through organizational changes induced by these technologies. As a result, ICT were high on the development agenda of many developing countries as key elements for increasing their participation in global markets. However, for developing countries and their enterprises to benefit fully from ICT and e-commerce and to integrate themselves into regional and global supply chains, impediments such as lack of infrastructure, access, awareness, capacity building, and regulatory and administrative frameworks needed to be addressed at the international, regional and national levels, since the external financial position of some developing countries would, in certain cases, prevent them from investing in the ICT sector. She stressed the continuing active role played by the UNCTAD secretariat regarding ICT and e-commerce and praised the secretariat's policy analysis work as embodied in the *E-Commerce and Development Report 2002*. She encouraged the secretariat to continue its work in the area of e-commerce and development to assist developing countries and countries in transition in defining policy and business strategies. The Group of 77 and China stressed the crucial role of the information society in economic development and wished it to be included in the agenda of the WSIS.

11. The representative of **Morocco**, speaking on behalf of the **African Group**, said that SMEs played a significant role in developing countries and especially in Africa, and that they were the dominant players in income and job creation. A healthy macroeconomic environment was crucial in order for African SMEs to grow in a sustainable manner. However, lack of financing and current low levels of technology were keeping SMEs from playing the role that country Governments expected them to play in national development strategies. Human resources also needed to be improved in order for SMEs to grow. His group welcomed EMPRETEC's spread to Ethiopia, Morocco and Uganda, wished to see it extended to other African countries, and thanked the Government of Italy for its assistance.

12. Many countries in his group faced transport problems. These problems were reflected in the freight expenditure of African countries for 2000, which had totalled US\$14.4 billion and had been 1.5 times higher in proportion to their import costs than the estimated expenditures of other developing countries. For some landlocked LDCs, transport costs were as high as 60 per cent of the value of exports, creating a real barrier to trade. In many African countries, lengthy transit times resulted from inadequate infrastructure, lack of qualified personnel, cumbersome procedures and limited coordination between transport modes. However, the use of ICT had led to progress in some railways, ports and Customs administrations, and similar improvements were now needed in the road transport sector. Reform and simplification of national procedures, regional cooperation along transport corridors, and use of multimodal transport could significantly improve transport for landlocked countries. It was to be hoped that the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation (to be held in

Alma-Ata in August of this year) would act as a catalyst to resolve transit transport problems. With the continuing support of the international community, African countries would continue to give priority to strengthening their transport capacity and improving its legal, institutional and operational framework. The group also fully supported the conclusions of the Expert Meeting on Efficient Transport and Trade Facilitation.

13. As was reported in the *E-Commerce and Development Report 2002*, the volume of e-commerce was still negligible in Africa, although real potential for expanding e-commerce existed in African countries. Opportunities were gradually appearing, and Africa offered comparative advantages within the framework of the “new economy”, in areas such as online and offline teleservices and tourism. However, he stressed the challenges in terms of telecommunications, access, skills, and the legal and regulatory framework and encouraged the secretariat to continue its efforts to help developing countries and LDCs in Africa, as well as their SMEs, develop and establish adequate e-strategies. He congratulated the secretariat on its studies on e-commerce and their social, economic and legal implications, as well as the high-level regional conferences on e-strategies for development, and welcomed the conference to be held in Tunisia in May of this year. He strongly supported the secretariat’s proposal to include e-commerce on the agenda of the WSIS. He urged the secretariat to integrate into its work program the development of indicators and reliable data in order to guide developing countries in formulating e-strategies and to measure the impact of e-commerce and ICT on their economies.

14. The representative of **Greece**, speaking on behalf of the **European Union** and the **Central and Eastern European states associated with the EU, as well as Cyprus, Malta and Turkey**, said that the meeting should stress the importance of policies promoting SME competitiveness. Such policies aimed at creating a favourable business environment, and they specifically addressed some of the more common market failures experienced by SMEs in EU economies, developed or developing. Macroeconomic stability was a necessary condition for reducing uncertainties, but it was not sufficient to create an economic environment conducive to entrepreneurship, investment and innovation, the driving forces not only of present but also of future competitiveness. Structural reforms were necessary to give more space to private enterprise, increase competition, make it easier for enterprises to be created and grow, simplify and reduce the compliance costs of regulations, assure the supply of qualified human resources, and facilitate the dissemination of new technologies.

15. SMEs faced particular barriers regarding access to information, financial resources, high-quality human resources, and new technologies, while regulatory and administrative constraints put a proportionally heavier burden on them. Addressing these issues was of paramount importance, since in most countries SMEs constituted the majority of enterprises and provide most of the products, services and jobs. A thriving, dynamic SME sector was a key factor for growth and prosperity and provided the best insurance against unforeseeable external shocks.

16. She recalled the importance of trade facilitation as a means of improving developing countries’ participation in international trade, and the reasons for its inclusion in the Doha Development Agenda. While all the points in the secretariat’s issues note “Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade” (TD/B/COM.3/53) were relevant, simplification of documentation, simplification of trade and customs procedures, and harmonization of rules and regulations were the key issues requiring discussion and solutions. In the context of technical assistance,

the ASYCUDA program was a successful example of integrated management of customs operations.

17. To make trade facilitation a reality, political will and commitment as well as predictability and stability through binding rules were needed. Trade facilitation was an important element of development, and a rules-based system would help attract public and private funds for overhauling and improving public administration and trade capacity. The EU was ready to make trade-related technical assistance and capacity building an integral part of a WTO trade facilitation package.

18. As the use and customizing of software acquired an important role in energizing economic actors such as individuals, companies, third-sector and community groups in developing countries, the use of free/open-source software was being actively promoted in many countries as a development strategy. Brazil and Viet Nam were two examples of countries actively engaged in endorsing development based on the use of free/open-source software.

19. The representative of **India**, speaking on behalf of the **Asian Group**, said that, while some Asian countries had been leaders in the area of competitiveness policies, particularly the area of technology development and foreign direct investment (FDI), there was a growing fear that their national policy space was shrinking. Those policy makers who engaged in international trade and investment negotiations were different from the policy makers in the capital who were concerned with building a competitive local enterprise base. The panel discussions under item 3 of the meeting agenda should help identify those competitiveness policies that needed to be maintained and kept in mind during future negotiations.

20. Malaysia's role in promoting business linkages was an excellent example in Asia of providing access to markets and technology, and it was one reason why the region was "getting ahead." The Asian Group looked forward to the video presentation produced by the secretariat in collaboration with the Governments of Malaysia and Brazil that would focus on successful initiatives. It welcomed the opportunity for a policy debate on competitiveness and also saw a need to translate the results of the discussion into effective technical assistance programmes. While business linkages were one example, undoubtedly over the next three days others would be found.

21. She pointed out the current situation of international transport services in the region. Even though the region included some of the top transport operators, many suppliers of transport services were still in the early phases of modernizing their facilities, equipment and management systems to improve operations. Better regional integration could be obtained and sustained through strengthening of the logistics services offered by national service suppliers in order to improve trading opportunities and transport efficiency. To this end, emphasis needed to be placed on efforts to harmonize transit and custom procedures so as to increase both trade and investment. A number of countries from the region had autonomously taken steps to simplify and modernize customs clearance procedures. Harmonization of procedures for the whole region, however, remained a challenge because of various factors, such as differing geographical and infrastructure requirements, differing levels of development, and differing resource constraints. Her group noted with interest the recent outcome of the Expert Meeting on Efficient Transport and Trade Facilitation and stressed the need to monitor the implications of recent security measures for trade and transport in the Asian region. UNCTAD could play an important role in monitoring developments in this area

and assessing the implications of trade facilitation work within the WTO for developing countries.

22. She affirmed the importance and worldwide impact of the *E-Commerce and Development Report 2002*. ICT and e-commerce were becoming increasingly vital for the Asian economy. India's software sector, with its rapid growth and great contributions to the nation's economy, set a good example for the region. In order to mitigate regional and global digital divides, especially those between developed and less developed countries, Governments should play a significant role in creating an enabling environment for ICT and e-commerce growth as well as in formulating strategies and policies favourable to e-commerce and e-business development at the national level. At the Expert Meeting on Electronic Commerce Strategies for Development: The Basic Elements of an Enabling Environment for E-Commerce (Geneva, June 2002) and the UNCTAD-UNESCAP Asia-Pacific regional conference on E-Commerce Strategies for Development (Bangkok, November 2002), Governments from the Asian region had committed to promoting ICT and e-commerce development as well as formulating ICT and e-commerce strategies incorporating all relevant factors.

23. In addition to UNCTAD's current work on e-commerce, the Asian Group looked forward to further assistance from UNCTAD in formulation of ICT and e-commerce policy and strategy and assessment of e-commerce development. UNCTAD should broaden the scope of its work in the area of e-commerce statistics and indicators as well as in providing developing countries with technical assistance in ICT and e-commerce strategy development.

24. The representative of **Venezuela**, speaking on behalf of the **Group of Latin American and Caribbean Countries** (GRULAC), said that the experience of many countries of the region showed that macroeconomic policies had not been enough to increase these countries' participation in global trade. Without improving the productive capacity of enterprises, particularly SMEs, countries were not able to take advantage of available opportunities. The theme of the Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Financing Technology (Geneva, October 2002) was very relevant for the region, which was currently facing economic crises.

25. One of the main obstacles facing enterprises in the region was the difficulty of accessing new technology and financing. Owing to uncertainty and high costs, private-sector funding was very meagre. Improvement of these countries' productive capacity and enhancement of their competitiveness must be a primary focus of UNCTAD XI. The Commission's discussions would provide an excellent opportunity to begin preparations for the conference.

26. Important reforms in the provision of transport services and in infrastructure had been carried out in the region during the past decade. These reforms had focused on upgrading of management, deregulation for improving competition, and regional harmonization of legislation and procedures, particularly for privatization and multimodal transport. Although the reform process had been long and complex, it had improved the competitiveness of the foreign trade sector. An increasing number of Governments had turned to the private sector for management of transport infrastructure and for investment to increase competitiveness. In the future, there would be greater competition as global transport and logistics suppliers provided door-to-door services. Countries should be prepared for this evolution in terms of WTO negotiations and also in terms of providing the necessary framework for a beneficial transfer to the private sector. Her group supported security measures that contributed to

efficient international transport but was concerned by recent security initiatives affecting container traffic. Since these measures could alter the normal flow of trade, UNCTAD should continue its analysis of these measures' impact on developing countries.

27. She emphasized the opportunities offered by ICT for improving trade and the productive capacity of enterprises, in particular SMEs, not only to access new markets but also to more effectively enhance productivity. The large increase in the number of Internet users in developing countries, as cited by the *E-Commerce and Development Report 2002*, was not accompanied by a proportional increase in the e-commerce generated in the region's countries as a percentage of the world total. GRULAC encouraged the secretariat to pursue and strengthen its work examining the relationship between ICT and sustainable development. UNCTAD should continue providing developing countries with policy-making assistance in the area of e-commerce. GRULAC welcomed the results of the Expert Meeting on Electronic Commerce Strategies for Development in helping developing countries work out their policies regarding priority areas such as capacity building, legal and regulatory frameworks, and sectoral reforms, among others. The Commission was requested to provide inputs for a substantial contribution to the WSIS, and in doing so to give adequate weight to the effects of ICT on the economies of developing countries.

28. UNCTAD should offer developing countries assistance so they could develop and implement adequate policies for creating capacities and adapting legal frameworks and social reforms in all areas. GRULAC supported the EMPRETEC program and requested that it be extended to those countries of the region that were not yet benefiting from it. The program should be strengthened so it could broaden the scope of its technical assistance activities.

29. The representative from **Benin**, speaking on behalf of the **Least Developed Countries** (LDCs), said that enterprises were playing an increasingly important role, not only in developed countries but also in developing ones, and specifically in the LDCs. Globalization required enterprises to adapt to the international economic environment, in terms both of the means employed and of the quality of the products and services provided. Under these new circumstances, improving the competitiveness of enterprises involved the following essential steps: creating a legal and regulatory framework that was flexible and encouraging; building human and institutional capacity; and providing products that were really competitive in terms of price and quality. Access to financing and risk management were other important factors that need to be considered, since they allowed enterprises greater freedom to manoeuvre, enhancing productive capacity and the range of products offered, as well as increasing confidence where entrepreneurial actions and initiatives were concerned.

30. Transport facilities and services were a major concern for development. Many countries faced considerable constraints in reaching international markets owing to the precarious state of roads and railways, limited availability of transport equipment, and cumbersome administrative procedures. The development of multimodal transport, with the participation of local suppliers, could be a means of overcoming these limitations, thus facilitating trade and promoting development, with due consideration given to the special conditions of coastal, insular and landlocked countries.

31. While recognizing the opportunities created by ICT and e-commerce, he emphasized the digital divide between the LDCs and the rest of the world. His group urged that a plan of action be formulated to develop infrastructure and capacity building so as to increase the number of countries benefiting from the IT economy. The secretariat should continue and strengthen its work in the area of e-commerce and its legal, social and economic implications

in order to increase the participation of LDCs in international trade, and optimal resources should be allocated to support these efforts.

CHAPTER III

IMPROVING THE COMPETITIVENESS OF SMEs THROUGH ENHANCING PRODUCTIVE CAPACITY

(Agenda item 3)

32. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Expert Meeting on Improving the Competitiveness of SMEs through Enhancing Productive Capacity: Financing Technology” (TD/B/COM.3/50 - TD/B/COM.3/EM.16/3)

“Improving the competitiveness of SMEs through enhancing productive capacity: Report by the secretariat” (TD/B/COM.3/51 and TD/B/COM.3/51/Add.1)

Chairperson’s Summary

33. The representative of the secretariat said that the deliberations under the agenda item would focus on competitiveness policies – specifically, what measures countries had taken or could take to build productive capacity. Often there was an imbalance between macro- and microeconomic policies, and if the macroeconomic policies were to succeed in promoting development, the microeconomic improvements must not be forgotten. Item 3 gave the Commission the chance to explore those microeconomic improvements that must accompany macroeconomic policies. If enterprises were uncompetitive for long, they went under; but if nations were uncompetitive, they did not cease operating. Rather, they limped along with declining incomes, social unrest and political instability. It was necessary to remember that competitiveness was the result of deliberate action, not of chance or the invisible hand.

34. The discussion was launched by a panel that focused on conceptual and policy issues related to fostering national competitiveness. It was stressed that sound macroeconomic policies should be considered a basic component of any competitiveness strategy. If 10 years ago macroeconomic stability and relative growth conditions could be taken for granted in most developing countries in Latin America and Asia, then, after the financial crises in Brazil, South-East Asia, Argentina and Ecuador, this was no longer the case.

35. A distinction was made between the “high” road and the “low” road to competitiveness. The low road relied mainly on real exchange rates and unit labour costs. While a very attractive short-term strategy for most developing countries, it had proven inappropriate in the long term.

36. In developing countries, policy interventions needed to address many market failures, but coordination failures were also very important. There was a growing demand for the design of adequate policies and institutions to deal with coordination failures that so far had been ignored. Interventions were often unarticulated and uncoordinated and followed a

piecemeal approach. Thus, institutional capacity building was needed in order to coordinate and maintain momentum for implementing competitiveness policies.

37. A distinction was made between sectoral and horizontal policies. In developing countries traditional sectoral policies were still important and diffused, especially at the trade level, but they could be often transformed into defensive protectionist practices in the name of competitiveness. The shift towards horizontal policies (single-instrument policies aimed at many beneficiaries) was therefore welcome, even though their lack of focus often limited their impact and effectiveness.

38. It was suggested that in order to overcome lack of focus in horizontal policies, complementary targeted instruments to promote interfirm cooperation through SME clusters, networks and linkages could be implemented. Firms did not innovate alone, and “collective action” was needed in order to enhance the competitiveness of the local business environment. The key actors in this process included not only SMEs but also large enterprises, both foreign and domestic.

39. Policies promoting interfirm cooperation, such as strategic alliances, might conflict with competition policies. On the other hand, too much competition often turned into an obstacle to investment, innovation and endogenous economic development. The trade-offs between competition and competitiveness should be addressed, and not ignored or neglected, as was often the case.

40. The industrial development scoreboard developed by the United Nations Industrial Development Organization (UNIDO) to evaluate export competitiveness was presented. Fifty-seven developing countries had been studied and ranked according to whether they were catching up or falling behind. It was explained that under the new conditions of competition, the only path to a sustainable industrial development was to compete through innovation and learning. It was necessary to improve products and processes in existing industries on a continuous basis, and to enter into technologically more complex industrial activities and sectors whenever niches of opportunity arose.

41. Taking the high road to competitiveness rather than the low road was neither easy nor automatic. It required entrepreneurial, technological and managerial capabilities that could only be developed through a long and complex learning process, undertaken by firms and industries and deliberately supported by institutions and policies. Evidence showed that since the early 1990s, the globalization of world trade had increasingly been driven by flows in high-technology industries (e.g. electronics, pharmaceuticals, biotechnology, aerospace).

42. Only 16 out of the 57 developing countries studied by UNIDO were catching up, as reflected by the growth of their medium- and high-technology exports in comparison with total manufacturing exports. These countries were concentrated in East Asia, which was the region performing best in the promotion of exogenous and endogenous drivers of technological capability (FDI, royalty payments, skill and infrastructure development, and local technological efforts). Sub-Saharan Africa was consistently the weakest region and had undergone serious de-industrialization.

43. In successful industrial latecomers, firms caught up and improved their capabilities through a proactive strategy of innovation and learning, which was a continuous cycle including the following sequence of actions (called an *LLL cycle*): *linking* to partners and sources of technology; *leveraging* foreign technology and knowledge; and *learning* to adapt, use and improve the acquired technology in order to constantly move to more technologically complex activities and industry segments.

44. In the interventions that followed it was noted that competitiveness policies and WTO rules might conflict. WTO agreements established limits for national development strategies for transfer of technology, clustering and networking. Unfortunately, the Doha agenda had virtually nothing to say about the national development strategies that must be allowed if countries were to build productive capacity and international competitiveness.

45. It was suggested that UNCTAD could:

- identify those horizontal or active policies that enhanced the ability of developing countries to overcome supply constraints while meeting social and environmental goals;
- promote policy networks of the main actors (government, local support institutions, nongovernmental organizations, and enterprises); and
- help developing countries improve their institutional capacity to coordinate policy interventions at the macro- and microeconomic levels.

Chapter IV

EFFICIENT TRANSPORT AND TRADE FACILITATION TO IMPROVE PARTICIPATION BY DEVELOPING COUNTRIES IN INTERNATIONAL TRADE

(Agenda item 4)

46. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade: Problems and potential for the application of current trade facilitation measures by developing countries” (TD/B/COM.3/52 - TD/B/COM.3/EM.17/3)

“Efficient transport and trade facilitation to improve participation by developing countries in international trade” (TD/B/COM.3/53)

Chairperson’s Summary

47. In introducing the item, the representative of the secretariat recalled the importance of transport and trade facilitation as part of a national development strategy to increase trade and attract foreign investment. He referred to the secretariat’s issues note (TD/B/COM.3/53) and highlighted the steps required at the national and international levels to improve competitiveness. While progress had been made in a number of countries, many countries still needed to implement programmes of transport sector reform, trade facilitation measures, and increased use of ICT to assist trade and development. The Chairperson of the Expert Meeting on Efficient Transport and Trade Facilitation to Improve Participation by Developing Countries in International Trade: Problems and Potential for the Application of Current Trade Facilitation Measures by Developing Countries (see document TD/B/COM.3/52 – TD/B/COM.3/EM.17/3) presented the outcome of the deliberations of the November 2002 meeting, which had been attended by some 100 delegates. The interactive discussion was launched by a representative of a leading shipping company and a specialist on the implementation of transport and trade facilitation programmes. Both panellists presented empirical data that illustrated the relevance of transport costs in the marketing of exports and highlighted the need for investment and improved productivity in this sector.

48. In the ensuing discussion, delegates stressed that transport efficiency and trade facilitation were decisive for development. Most delegations believed that holistic solutions were required in which public and private parties should be involved. Since transport and trade facilitation programs affected a country’s capacity to create a transparent and predictable environment for international trade, the assessment and implementation of solutions must be adapted to each country’s economic geography and institutional and technological infrastructures. Also, it was emphasized that the objectives and benefits of trade facilitation were broader than the scope of the three GATT articles currently being discussed at the WTO Council of Trade in Goods with respect to possible future negotiations. The

improvement of transport and trade facilitation was central to the effort to develop and expand export markets of developing countries.

49. An extremely important issue linked to transport and trade facilitation involved the recently adopted measures related to security, health and environment. While cooperation among Customs agencies in information sharing could aid in combatting organized crime and smuggling, some delegations expressed concern regarding the impact of recent security measures on their trade. Although leading shipping companies had been able to adapt to the new reporting requirements for containerized cargo being shipped to the United States, there were concerns regarding the possible marginalization of some countries and ports. Some delegations believed that security policies and proposals, as well as technical norms for agricultural imports, should be based on multilateral agreements.

50. Improved transport and trade facilitation with the goal of developing and expanding export markets of developing countries required a combination of “hard” and “soft” solutions. In many cases, the provision of physical infrastructure, a “hard” type of solution was unavoidable and required substantial investments by Governments themselves. Funding sources included domestically provided capital, debt financing, official development assistance and FDI, and there were numerous cases where public/private partnerships had partially funded transport infrastructure projects. The creation of spatial development corridors with integrated investments to guarantee the flow of goods and commodities would also stimulate investment in transport infrastructure.

51. In other cases, “soft” solutions such as managerial improvements, use of ICT, simplification of procedures and the granting of operating concessions had also brought good results. For instance, in Cuba, simplification of entry and exit procedures for vessels in line with the International Maritime Organization Conventions had reduced the average ship time for reception and dispatch by 87 per cent, thus increasing port capacity. The work carried out by Morocco in Customs reform and the application of ICT was cited as a positive example of the implementation of measures to reduce transaction costs. Delegations also emphasized that Customs reform and strengthening of transport operators had been greatly assisted by UNCTAD’s technical cooperation programmes (ASYCUDA and ACIS). The creation of clusters and networks to exchange information along the transport chain was another effective method for facilitating trade. Finally, regional agreements were considered particularly important for landlocked and transit countries as a means of facilitating trade, increasing economic activity and reducing transport costs.

52. Many delegates noted that UNCTAD’s assistance would be crucial in defining and drafting policies to improve transport and trade facilitation as well in the provision of technical know-how and staff training. Long-term collaboration with UNCTAD could help developing countries create sustainable capacity to plan and implement national and regional transport and trade facilitation initiatives. While technical assistance was important, many developing countries also needed help in understanding the key issues and defining appropriate policies.

53. Some delegates expressed concern regarding the work carried out on trade facilitation at the WTO. Long-term and costly projects were considered unrealistic for many developing

countries. Poor infrastructure and lack of financial and technical means would prevent them from meeting the requirements set by binding rules. A step-by-step approach would be more appropriate, starting with best-efforts rules and principles in order for developing countries to achieve the needed reforms. Other delegations believed that binding rules would be the only way to assure that trade facilitation measures were implemented, and they recognized the need for assistance for developing countries in this regard. Many delegates expressed their wish that UNCTAD play a bridging role for developing countries in the negotiations on trade facilitation and transport services at the WTO.

Chapter V

ELECTRONIC COMMERCE STRATEGIES FOR DEVELOPMENT

(Agenda item 5)

54. For its consideration of this item, the Commission had before it the following documentation:

“Report of the Expert Meeting on Electronic Commerce Strategies for Development”
(TD/B/COM.3/47 – TD/B/COM.3/EM.15/3)

“Background paper on developments and main issues in electronic commerce and ICT” (TD/B/COM.3/49)

Chairperson’s Summary

55. Introducing the item, the Officer-in-Charge of the Electronic Commerce Branch of the Division for Services Infrastructure for Development and Trade Efficiency (SITE) referred to the background paper on developments and main issues in electronic commerce and information and communication technologies (ICT) (TD/B/COM.3/49) and the report of the Expert Meeting on Electronic Commerce and Strategies for Development (TD/B/COM.3/47 - TD/B/EM.15/3). He gave an overview of recent worldwide trends in the use of the Internet and electronic commerce, with a focus on developing countries, and outlined critical areas for consideration by the Commission. He referred to the importance of collecting reliable data on e-commerce in developing countries as a basis for the formulation of appropriate policies and strategies for e-commerce and ICT development. He emphasized the importance of open-source software and its potential benefits to developing countries. He also stressed the importance of security and legal issues, as well as e-finance infrastructure and services, which were key for the expansion of e-commerce. He suggested that the outcome of the Commission’s seventh session include an identification of key policies that developing countries could adopt in their e-strategies, as well as actions needed at the national and international levels in order to enhance the competitiveness of developing countries through ICT and e-commerce. The Commission could also reflect on the ideas already expressed in the opening plenary concerning the need for capacity building, technical cooperation, awareness raising, promotion of e-business, and analytical statistical studies of the impact of ICT and e-commerce on economic development and competitiveness. He suggested that the Commission indicate the need for UNCTAD to contribute to the work of the WSIS and in particular to ensure that the economic aspects and implications of ICT were adequately addressed in the Summit’s Declaration and Action Plan.

56. The Officer-in-Charge of the SITE Division presented the conclusions of the Expert Meeting on Electronic Commerce Strategies for Development. He stressed developing countries’ need for tailor-made policy reforms and business strategies in order to benefit fully from the opportunities offered by ICT and e-commerce. He also underscored the imperative

need to mainstream ICT both in national development strategies and in the technical assistance programs of multilateral and bilateral donors.

Measuring e-commerce

57. The first part of the discussion of item 5 was devoted to the topic of measuring electronic commerce. When designing and implementing national e-commerce strategies, it was crucial to know how much e-commerce was actually taking place in a country, as well as the state of its growth and development. Indicators and statistics on e-commerce would help policy makers better plan their strategies by identifying gaps and areas needing improvement. Therefore, basic information on the use of ICT and e-commerce by businesses and consumers was important for assessing the current and potential impact of the digital economy and thus evaluating the impact of national e-strategies.

58. Delegates recognized that the lack of readily available data on the use of ICT and e-commerce by the business sector and households had been a major obstacle to identifying priority areas of policy action. Only a few Governments, mainly from the more advanced countries, had started to develop and collect data and indicators on e-commerce. Very little was known about the size and features of e-commerce in developing countries.

59. The Organisation for Economic Co-operation and Development (OECD) had spearheaded the work at the international level on defining and measuring e-commerce. The OECD representative reported that a number of countries that had started to collect e-commerce statistics were already benefiting from the results, now being in a position to check real data against those that had been used to project unrealistic growth rates. One delegate pointed out that an interesting finding of the OECD e-commerce surveys was the substantial share of foreign transactions in e-commerce.

60. One delegate said that some developing countries in the Asian region had started to take initiatives regarding e-measurement. For example, ASEAN member countries were making an effort to harmonize their e-measurement approaches and methodologies. E-commerce surveys carried out in Thailand demonstrated that most businesses were still in the stage of providing information over the Internet and had not yet progressed to online transactions or full-fledged e-business.

61. Delegates agreed on the importance of developing reliable statistics and indicators regarding e-commerce. Now that many countries, including from the developing world, had started to develop national e-strategies, it was important to include programs for the measurement of ICT and e-commerce in those strategies. It was noted that UNCTAD could provide a useful forum for bringing together experts from developed and developing countries involved in developing programs and indicators for the collection of data on e-commerce.

Open-source and free software

62. The discussion focused on the characteristics of open-source and free software (OSFS), the public policy implications of its use, the role of national and international bodies in OSFS activities, and the use of OSFS in institutions and businesses. It was suggested that Governments consider having a well-formulated strategy on the issue, as the social and economic development implications were numerous. The issues of freedom of access and security of public data were addressed. Other questions affecting the policy debate were related to the investment needed in software, as well as hardware, in order to bridge the digital divide. Pervasive software piracy had sidelined this issue in the past, but stronger enforcement of intellectual property rights had brought it back into focus. OSFS should be considered as an e-strategy element because of its alleged technical superiority and security and its inherent openness and adaptability, in particular for the treatment of public data by public institutions. A possible strategy could have as its basic components research and development, e-governance, and social and economic development objectives. These objectives would in turn trigger questions about maintaining an environment of choice and how far public policy should go in its support, in particular with regard to funding OSFS activities.

63. The development objectives were discussed in the context of helping individuals, organizations and businesses switch from being merely users, or recipients, of technology to being local and eventually regional or global suppliers. The discussion showed that OSFS was common in large European businesses and public administration and that its intensity of use correlated with the adoption of OSFS by the programming and software research and development (R&D) community. The issue of cost of ownership was also discussed, and suggestions were made that this issue was not as significant in developing countries, where labour costs were comparatively low. Most of the costs were related to training as a result of adopting or switching to OSFS. From the point of economic development strategy, OSFS could be more viable, as its influence on developing local human capacity was stronger.

The lack of human resources in the initial stages could be a serious problem in the adoption of OSFR. However, it was suggested that the adoption of OSFS itself could be treated as separate from ICT and e-commerce development strategy. Students undertaking computer science studies in institutions using predominantly non-OSFS software eventually tended to learn how to “follow the menu” and did not acquire the profound technical understanding and knowledge needed to constitute a viable software business or industry. The use of OSFS could encourage users to be creative. The lack of restrictive copyrights, which were not allowed under OSFS licensing, was mentioned as a stimulant for the development of export capacity for software products in developing countries. OSFS was particularly suitable for a business model of producing tailored applications for specific needs.

General issues

64. While some delegates pointed out the constraints faced by LDCs and other developing countries in expanding use of e-commerce and ICT (constraints that included insufficient human and financial resources or access to telecommunication infrastructures), there was general agreement on the important role of ICT for development. One delegate pointed out

that ICT and e-commerce provided African countries with certain niches for development, such as tourism, marketing of agricultural products, and traditional medicine. Promoting e-commerce could enable African countries to enhance their competitiveness, cut transportation costs and improve logistics.

65. Some delegates commented on their own efforts to promote ICT in their countries – for example, through programs to connect schools to the Internet, develop ICT-related training programs, and provide universal access to ICT in their countries.

66. Overall appreciation was expressed of UNCTAD's analytical work on e-commerce and the reports and documents prepared on this subject. UNCTAD's role in helping developing countries establish sound policies for the development of ICT and e-commerce, including by establishing an enabling regulatory environment for e-commerce, was confirmed. It was suggested that UNCTAD strengthen its technical assistance in this area through capacity building that would enhance the competitiveness of developing countries, taking into consideration the post-Doha environment.

Chapter VI

IMPLEMENTATION OF AGREED CONCLUSIONS AND RECOMMENDATIONS OF THE COMMISSION, INCLUDING POST-DOHA FOLLOW-UP

(Agenda item 6)

67. For its consideration of this item, the Commission had before it the following documentation:

“Progress report on the implementation of the agreed conclusions and recommendations of the Commission at its sixth session, including post-Doha follow-up” (TD/B/COM.3/54)

Chairperson’s Summary

68. For its consideration of this item, the Commission had before it a progress report by the secretariat (document TD/B/COM.3/54). The secretariat supplemented the information in the report with presentations on electronic commerce and international transport services, gender, the competitiveness of SMEs, and the implications of the Doha Ministerial Meeting for the Commission’s work.

69. Delegates were informed that the latest (2002) issue of the *Review of Maritime Transport* had already reached a large audience (approximately 20,000 downloads in six weeks). This publication contained information on the economic, commercial and legal aspects of electronic commerce having an impact on international transport services. In the area of training, the International Institute for the Management of Logistics (IML) of the Ecole Polytechnique Fédérale de Lausanne (EPFL) had contributed to the revision and delivery of a course on multimodal transport and logistics covering e-commerce and transport for LDCs. Furthermore, experts from the port sector from Belgium, Indonesia and Spain were assisting in the development of a course on ICT in port communities.

70. With regard to post-Doha follow-up in the field of trade facilitation, the Commission was briefed on the progress made in project proposals, consensus building and training activities. Austria will fund three workshops for LDCs that will be organized jointly by UNCTAD and UNIDO in Addis Ababa, Dakar and Vienna. At the request of many delegations and of the UN High Level Committee on Programmes (HLCP), the secretariat has been playing a role in strengthening cooperation among UN departments and international organizations in their work on trade facilitation. Two meetings have been held in Geneva and a common website (www.un-tradefacilitation.net) has been developed for the exchange of information. Delegations expressed their full satisfaction with this cooperation.

71. The Commission was informed that UNCTAD’s Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) had finished drafting its guidelines for accounting by SMEs. The Group had deliberated on the proposed

guidelines, and the final guidelines would be issued after all comments had been incorporated by the Chairperson of ISAR.

72. The Commission was also informed that UNCTAD had helped countries improve their SMEs' access to financing by holding workshops to stimulate public- and private-sector dialogue on resolving market failures in financing SMEs and by providing policy advice to Governments. During the annual meeting of EMPRETEC directors in 2002, the directors had discussed experiences in combining financial and non-financial services and had circulated model agreements between banks and business development services providers. Studies on the topic in Benin, Cameroon, Senegal and Morocco had been initiated by France's Ministry of Foreign Affairs, the Swiss Agency for Development and Cooperation, the Austrian Development Cooperation and UNCTAD. Last year's expert meeting had been held on the topic of financing technology.

73. Innovative financial products and mechanisms had been introduced into UNCTAD's technical cooperation programmes. The best examples were EMPRETEC Ghana, which had developed a half-dozen services to facilitate access by SMEs to financing, and EMPRETEC Colombia, which had introduced an agreement with a credit guarantee agency so that banks could accept EMPRETEC-certified business plans as collateral.

74. UNCTAD had initiated activities to assist Governments wishing to start or strengthen linkage programmes. Examples of such programmes included a pilot programme in Ethiopia and Uganda to help women entrepreneurs establish linkages, a roundtable on business linkages in Brazil at the Inter-American Development Bank's Micro Forum, and a video showing the linkage process in Malaysia. UNCTAD had held panel sessions on business linkages at the World Association of SMEs (WASME) annual meeting in 2002 and at the Symposium on the UN Global Compact and Swiss Business as well as the World Summit for Sustainable Development in Johannesburg. UNCTAD was also organizing a review of business linkage programmes for the Committee of Donor Agencies for SME Development. Furthermore, UNCTAD and Unilever had signed a Memorandum of Understanding providing that Unilever staff members would assist UNCTAD in setting up a business linkage advisory service.

75. Several developing countries expressed their appreciation for the informal briefing on recent developments regarding EMPRETEC and requested that such an update be included in the Commission's regular timetable next year rather than being a side event.

76. Regarding the Commission's recommendations on mainstreaming gender, delegates were informed that divisional focal points on gender had been nominated in each division of UNCTAD. UNCTAD had issued the publication *LDCs: Building Capacities to Mainstream Gender in Development Strategies* (UNCTAD/LDC/Misc.74), and several new publications included a section on gender mainstreaming. (For example, a study of "Trade Liberalization, Gender and Rural Poverty in African LDCs" was included in *The Least Developed Countries Report 2002*, and a study on "Gender, E-Commerce and Development" was included in the *E-Commerce and Development Report 2002*.) In response to the recommendation to improve women entrepreneurs' access to finance and e-finance, UNCTAD's Expert Meeting on Improving the Competitiveness of SMEs in Developing Countries: The Role of Finance,

Including E-Finance, to Enhance Enterprise Development had considered the problems of women entrepreneurs in obtaining credit. Moreover, UNCTAD was supervising specific training and mentoring programmes targeted to women entrepreneurs and was compiling a database to promote networks of women entrepreneurs and business associations. In doing so, UNCTAD had worked with a variety of organizations and had targeted LDCs. Finally, the secretariat's representative mentioned specific work in the area of ICT and gender: the above-mentioned study on "Gender, E-Commerce and Development" had appeared in the *E-Commerce and Development Report 2002*; UNCTAD had provided the International Telecommunication Union with inputs for recommendations on mainstreaming gender into ICT policy making for the WSIS; and a gender topic had been included in the Expert Meeting on Electronic Commerce Strategies for Development (July 2002) and in the Asia-Pacific regional conference on e-commerce strategies (November 2002).

77. With regard to post-Doha follow-up in the field of e-commerce, the Expert Meeting on Electronic Commerce Strategies for Development was again mentioned. The meeting had focused on strategies related to human resources development and training for e-commerce; legal and regulatory issues; and telecommunications, infrastructure and access. Emphasis had been placed on the linkages and interactions between e-commerce strategies and other aspects of national development strategies. The Commission was also informed that two regional seminars on e-commerce had been held, one for Central America and the Caribbean in Curaçao (Netherlands Antilles) in June 2002, and the other in Bangkok (Thailand) in November 2002. In 2003 the secretariat was planning to hold three more regional seminars – one in Africa in June, one for Eastern Europe in October, and one for Latin America in November. The secretariat also informed the Commission of the publication of its *E-Commerce and Development Report 2002*. Preparations for the 2003 issue were underway. Finally, the secretariat informed the Commission of its participation in the UN/International Trade Centre Task Force and in preparations for the WSIS and in a number of regional and national events where it had provided advisory services in areas such as legal and regulatory issues and e-finance. The secretariat expressed its appreciation for the development account, which provided funding for a number of its activities.

78. In response to the Commission's recommendation to organize regular forums to raise awareness of e-finance, UNCTAD had organized a side event "E-Finance for Development" at the United Nations International Conference on Financing for Development in Monterrey (Mexico) in March 2002. In its recommendations to the stakeholders of financing for development, the conference had stressed the potential for e-financing to replace traditional financial intermediation, and its implications for the development process.

79. Each of the two regional conferences on e-commerce and development in Curaçao and Bangkok had included a full session on e-finance, with discussion of e-payments and other e-finance techniques in the region, and especially access by SMEs to e-financing. The *E-Commerce and Development Report 2002* contained a chapter on "E-Finance for Development: Global Trends, National Experiences and SMEs" that was a result of the joint research efforts of UNCTAD staff members and experts.

80. Responding to the Commission's recommendation to incorporate into UNCTAD's technical assistance activities aspects of e-finance and e-commerce that were more relevant to the needs of SMEs, UNCTAD was supporting the partnership between the World Trade Point Federation and an online credit insurance and credit rating provider, thus building up trust in e-transactions between SMEs.

Chapter VII

ACTION BY THE COMMISSION AND CLOSING STATEMENTS

Action by the Commission

81. At its closing plenary meeting, on 27 February 2003, the Commission adopted its agreed recommendations (see chapter I).

Closing statements

82. The representative of **Thailand**, speaking on behalf of the **Group of 77 and China**, said that his group was satisfied with the meeting's agreed recommendations. He added that at the Commission's next meeting it would be helpful to have briefings about other technical cooperation programmes such as the Advanced Cargo Information System (ACIS) and EMPRETEC.

83. The representative of **Venezuela**, speaking on behalf of the **Group of Latin American and Caribbean Countries** (GRULAC), said that UNCTAD's work should take into account the need for developing countries to maintain their national policy space.

84. The representative of **Greece**, speaking on behalf of the **European Union**, said that his group was pleased with the results of the meeting.

85. The representative of **India**, speaking on behalf of the **Asian Group**, said that her group hoped to see the results of the meeting's discussions translated into useful technical assistance programmes. UNCTAD's research and policy analysis should continue to help developing countries preserve their national policy space by further investigating the coherence between national competitive policies and multilateral commitments. UNCTAD should address the subject of trade transfer and technology with case studies of developing countries, and should, in monitoring developments relating to efficient transport and trade facilitations, keep in mind the implications for developing countries and take into account their differing levels of development.

86. The representative of **Benin**, speaking on behalf of the **Least Developed Countries** (LDCs), said that implementation of the decisions taken at the meeting should be done keeping in mind the perspective of the LDCs.

87. The representative of **Zimbabwe**, speaking on behalf of the **African Group**, expressed the hope that the secretariat would ensure implementation of the conclusions agreed on at the meeting.

88. The representative of **Panama** said that UNCTAD's support was very important for the development of the Latin American countries. Developing new human resources would create new opportunities for these countries' economies.

89. The representative of **Switzerland** called the meeting's results positive. Some of the presentations by panellists had been quite stimulating, and if other presentations had at times perhaps been too technical, this was understandable since the subject matter itself was quite technical. Commendably, the meeting had achieved very tangible results in the reasonable time frame of three and a half days. He particularly appreciated the secretariat's open-mindedness in interacting with delegates.

Chapter VIII

ORGANIZATIONAL MATTERS

A. Opening of the session

90. The seventh session of the Commission on Investment, Technology and Related Financial Issues was held at the Palais des Nations, Geneva, from 24 to 27 February 2003. In the course of the session, the Commission held two plenary meetings and seven informal meetings. The session was opened on 24 February 2003 by Mr. Rubens Ricupero, Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

91. At its plenary meeting, on 24 February 2003, the Commission elected its Bureau as follows:

Chairperson:	H. E. Mr. Nathan Irumba (Uganda)
Vice-Chairpersons:	Mr. Habib Ould Hemeth (Mauritania)
	Mr. Pavel Hrmo (Slovakia)
	Mr. François Léger (France)
	Mr. Julio Vázquez Roque (Cuba)
	Mr. Eberhard von Schubert (Germany)
Rapporteur:	Mr. Truong Trieu Duong (Viet Nam)

C. Adoption of the agenda and organization of work

(Agenda item 2)

92. At the same meeting, the Commission adopted the provisional agenda circulated in document TD/B/COM.3/48. Accordingly, the agenda for the seventh session was as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. Electronic commerce strategies for development
6. Implementation of agreed conclusions and recommendations of the Commission, including post-Doha follow-up
7. Provisional agenda for the eighth session of the Commission
8. Other business

9. Adoption of the report of the Commission

D. Provisional agenda for the eighth session of the Commission

(Agenda item 7)

93. At its closing plenary meeting, on 27 February 2003, the Commission approved the draft provisional agenda for its eighth session (see annex I) and the topics for Expert Meetings for 2003 (see annex II).

E. Adoption of the report

(Agenda item 9)

94. At its closing plenary meeting, the Commission adopted its draft report (TD/B/COM.3/L.24), subject to any amendments to the summaries of the statements, and authorized the Rapporteur to finalize the report in light of the proceedings of the closing plenary meeting.

Annex I

PROVISIONAL AGENDA FOR THE EIGHTH SESSION OF THE COMMISSION

1. Election of officers
2. Adoption of the agenda and organization of work
3. Improving the competitiveness of SMEs through enhancing productive capacity
4. Efficient transport and trade facilitation to improve participation by developing countries in international trade
5. Electronic commerce strategies for development
6. Implementation of agreed conclusions and recommendations of the Commission
7. Provisional agenda for the ninth session of the Commission
8. Other business
9. Adoption of the report of the Commission

Annex II

TOPICS FOR EXPERT MEETINGS FOR 2003

Measuring electronic commerce as an instrument for the development of the digital economy

1. A rapidly increasing number of countries are developing national ICT and e-commerce strategies, recognizing the potential benefits of e-commerce as an engine for growth and development. However, a major obstacle in identifying priority areas of policy intervention, monitoring, assessing and formulating e-commerce strategies and benchmarking national economies vis-à-vis those of other countries has been the lack of readily available data on e-commerce and the application of ICT generally. Only a few Governments, mainly from the more advanced countries, have started to develop and collect data and indicators on e-commerce, whereas little is known about the size and features of e-commerce in developing countries.

2. This Expert Meeting would bring together representatives from developed and developing countries as well as international and regional bodies involved in measuring e-commerce. It would thus provide a unique framework for integrating the developing countries' views into the existing debates and initiatives on statistics and indicators concerning the digital economy. Experts could discuss existing work at the international level, analyse national and regional experiences, and propose best practices and guidelines for measuring e-commerce, taking a developing-country perspective. The experts could also examine the need for further work in establishing an international database on e-commerce and assessing countries' technical assistance needs with regard to developing statistical compilation programmes on e-commerce.

Development of multimodal transport and logistic services

3. Multimodal transport and logistics services are essential for the development of international trade, since they increase the efficiency of transport, thus reducing transaction costs and facilitating trade. These services are not, however, widely available in developing countries, because local suppliers lack the capacity to reach overseas markets, and because existing institutional and legal frameworks are often inadequate to allow efficient linkages with global operators. Strategies to overcome this could involve (a) support policies to strengthen local commercial, technological and managerial capabilities to increase their competitiveness, and (b) measures to build appropriate institutional and legal frameworks providing increased certainty and allowing the creation of partnerships among national, regional and major international providers of logistics services. The Expert Meeting would review and explore the impact of the latest developments in multimodal transport and logistics on developing countries, and the opportunities that these developments provided for developing countries, in particular LDCs, landlocked countries and small island states, to benefit from such services in order to expand their trade.

Policies and programmes for technology development and mastery, including the role of FDI

4. Having listened to the panel on competitiveness and noted that 16 developing countries were getting ahead with the aid of deliberate policies to move up the technology ladder, the Commission requests the next Expert Meeting under this overarching theme to look at the following issues: policy changes conducive to moving up the technology ladder, including for technology transfer; development and mastery in order to meet international quality norms and certification; and measures to promote collective action among the actors (home and host Governments, support agencies, and large and small firms) for “linking, leveraging and “learning”, including financial and fiscal measures.

Annex III

ATTENDANCE *

1. The following States members of UNCTAD were represented at the session:

Angola	Mauritania
Argentina	Mexico
Barbados	Morocco
Belarus	Netherlands
Benin	Nicaragua
Brazil	Oman
Burkina Faso	Panama
Cameroon	Paraguay
Canada	Peru
China	Philippines
Colombia	Poland
Cuba	Portugal
Democratic Republic of the Congo	Republic of Moldova
Ecuador	Romania
Egypt	Russian Federation
Ethiopia	Saint Vincent and the Grenadines
Finland	Senegal
France	Serbia and Montenegro
Germany	Slovakia
Greece	Spain
India	Switzerland
Indonesia	Thailand
Iran (Islamic Republic of)	Trinidad and Tobago
Iraq	Tunisia
Italy	Turkey
Japan	Uganda
Jordan	United States of America
Kenya	Venezuela
Madagascar	Viet Nam
Malaysia	Zimbabwe
Malta	

* For the list of participants, see TD/B/COM.3/INF.7.

2. The following intergovernmental organizations were represented at the session:

African, Caribbean and Pacific Group of States
European Community
League of Arab States
Organisation Internationale de la Francophonie
Organization of African Unity

3. The following United Nations agency was represented at the session:

United Nations Interim Administration Mission in Kosovo

4. The following specialized agencies and related organizations were represented at the session:

United Nations Industrial Development Organization
World Trade Organization

5. The following non-governmental organizations were represented at the session:

General Category

International Confederation of Free Trade Unions
Third World Network
World Association of Small and Medium Enterprises

Special Category

International Multimodal Transport Association

6. The following panellists attended the session:

Mr. Philippe Aigrain, Head, “Software Technologies” Sector, Information Society Technologies R&D Programme, European Commission, Belgium
Mr. Rishab Aiyer Ghosh, Programme Leader, e-Basics Research Unit, University of Maastricht, The Netherlands
Mr. Daniel Chudnowsky, Director, CENIT, Buenos Aires, Argentina
Mr. Werner Corrales-Leal, Consultant
Mr. Carlos de Castro, Transport Consultant, Cabanellas (Gerona), Spain
Mr. Somnuk Keretho, Director, E-Commerce Resource Center, Ministry of Science, Technology and Environment, Thailand
Mr. Fionan O’Muircheartaigh, Chief Economic Advisor, Enterprise Ireland, Dublin, Ireland

Mr. Philippe Régnier, Entrepreneurship and SME Economics, Modern Asia Research Center, Graduate Institute of Development Studies, University of Geneva, Switzerland

Mr. John Frederick Richard, Director, UNIDO, Vienna, Austria

Mr. Georges Sciadas, Chief, Information Society Research and Analysis, Statistics Canada, Canada

Mr. Eduard Sigrist, Director, Global Relay/Transshipment, Mediterranean Shipping Co. S.A., Geneva, Switzerland

Mr. Edgar David Villanueva Nuñez, Member of Congress, Peru